Principles for integrating adaptation and resilience considerations into transition plans of financial institutions and corporates

These voluntary high-level principles support the integration of adaptation and resilience into transition plans and other climate disclosures. The sector-neutral approach outlines what good practice could look like when institutions choose to integrate adaptation into transition plans. It leverages existing transition plan structures which are often built on five key pillars.

PRINCIPLE 1

Goals & Objectives / Foundations

Transition plans should align with NAPs, NDCs, and long-term strategies, integrate adaptation and resilience with mitigation, identify and manage physical risks, and apply a proportionate approach to materiality and residual (net) risk.

PRINCIPLE 2

Implementation Strategy

Transition plans should outline risk frameworks for material hotspots, describe when firms avoid, accept, transfer, or reduce risk or capitalise on adaptation opportunities, consider costs and benefits of measures, and align with national priorities and finance frameworks.

PRINCIPLE 3

Governance

Transition plans should embed adaptation into governance and risk management, leverage existing governance processes, and monitor and report on adaptation metrics, targets, and indicators through climate governance bodies.

PRINCIPLE 4

Engagement strategy

Transition plans should identify opportunities for cooperation with stakeholders, including knowledge sharing, improving data, and sharing adaptation technologies, and financial institutions should engage stakeholders on physical risks and management options.

PRINCIPLE 5

Targets, metrics and monitoring

Transition plans should anchor adaptation planning in targets and metrics, begin with a stocktake of available data, and develop metrics and targets tailored to local contexts and grounded in overarching adaptation objectives.

1

Baseline metrics and targets

Firms could identify baseline metrics for exposure and vulnerability to physical risks and set targets aligned with these metrics. Location- and operational-relevant data can indicate whether exposure exists and whether it could lead to financial impact. Firms can prioritise key areas or use less granular data and iterate as better data becomes available.

2

Input metrics and targets

Input metrics could quantify the resources a firm deploys to adapt to physical risks, such as funding, training, or internal policies. Targets should track progress over time and reflect both risk and opportunity.

3

Output metrics and targets

Output metrics assess the impact of adaptation measures across varied outcomes. Targets for risk-based outputs can be benchmarked against historical or future risk expectations or industry standards.

Click or scan the QR code to read the full 2025 G20 Presidency and SFWG Co-chairs' Sustainable Finance Report.